

Personal Responsibility and Work Opportunity Reconciliation Act of 1996

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, commonly known as the Welfare Reform Act, was enacted to make welfare reform a transition to work program and to promote personal responsibility. Welfare reform provisions come under the titles of “Block Grants for Temporary Assistance for Needy Families,” “Supplemental Security Income,” and “Child Support Enforcement.” Agricultural employers, like all employers, are affected by a key provision that States must have a program that collects and processes timely information about the newly hired so that child support can be effectively enforced.

How the Law Applies to Agricultural Employment

The New Hire Reporting Program of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 directs States to establish “State Directories of New Hires” (directory) and requires employers to report information on new hires to the State directory. Starting October 1, 1997, all employers, including farm employers, have been required to report the name, address, and social security number of all employees hired, as well as the employer’s name, address, and Federal employer identification number (FEIN) to a designated State agency (see table 9). Any of the 650,623 farms that

employ hired farm labor could be subject to the provisions of this act if they hire new employees. Farms with seasonal labor demands would be particularly affected. Employers having questions about reporting information should call their State child support agency.

The report must be made on a W-4 form, or at the option of the employer, on an equivalent form, and may be transmitted by first-class mail, magnetically, or electronically. According to the law, each State may decide how soon after hiring a new employee the report must be submitted, but it cannot be submitted later than 20 days after the employee is hired. If the employer transmits reports magnetically or electronically by two monthly transmissions, reports cannot be less than 12 days nor more than 16 days apart.

Any multi-State employer (having employees in at least two States) who transmits reports magnetically or electronically may designate one State where he or she has employees to send the report. The employer must notify the Secretary of the U.S. Department of Health and Human Services, in writing, which State he or she has designated as recipient of all new-hire information for the business. Employers having questions about reporting information should call their State child-support agency.

Table 9--Personal Responsibility and Work Opportunity Reconciliation Act of 1996: Summary of applicability to agriculture and penalties for violations

Provisions	Exemptions for agriculture	Basis for agricultural exemptions	Enforcement
<i>New hire reporting</i> All employers are required to report the name, address, and Social Security number for each employee hired after October 1, 1998. If any new hires are found to be noncustodial parents in arrears with child support payments, employers may be required to withhold money from wages and forward the amount to the State.	None	No exemption after October 1, 1998	<i>Responsible agency</i> State agency administering “State Directory of New Hires.” <i>Penalties</i> Fines ranging from \$25 to \$500 for failing to file a report. Maximum fine if failure to report is result of a conspiracy between the employer and employee not to supply the required report or to supply a false or incomplete report.

Source: Compiled by USDA, ERS from U.S. House of Representatives’ *Personal Responsibility and Work Opportunity Reconciliation Act of 1996*. H.R. 3734, 1996.

Definitions

The following three definitions help demonstrate the act's broad coverage.

Employee: “(1) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and (2) does not include an employee of a Federal or State agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to paragraph (1) with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission” (27). According to chapter 24 of the *Internal Revenue Code of 1986*, “the term ‘employee’ includes an officer, employee, or elected official of the United States, a State, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing. The term ‘employee’ also includes an officer of a corporation” (7).

Employers may be required to withhold money from wages and forward the withheld amount to the State agency. An employer will receive a notice providing directions to withhold a specified amount of money from the worker’s pay. The amount withheld must be paid to the State within 7 business days after the employee’s payday.

Employer “has the meaning given such term in section 3401(d) of the *Internal Revenue Code of 1986* and includes any governmental entity and labor organization” (27). According to section 3401(d) of the Internal Revenue Code of 1986 “employer” means the following: “The person for whom an individual performs or performed a service, of whatever nature, as the employee of such person, except that (1) if the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term ‘employer’... means the person having control of the payment of such wages, and (2) in the case of a person paying wages on behalf of a nonresident alien individual, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, the term ‘employer’ ... means such person” (7, section 3401(d)).

Labor Organization has “the meaning given such term in section 2(5) of the National Labor Relations Act, and includes any entity (also known as a ‘hiring hall’) which is used by the organization and an employer to carry out requirements described in section 8(f)(3) of such Act of an agreement between the organization and the employer” (27). According to section 2(5) of the National Labor Relations Act: “The term ‘labor organization’ means any organization of any kind, or agency or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment or conditions of work” (12). The requirements described in section 8(f)(3) of the National Labor Relations Act are that the employer notify the labor organization of opportunities for employment, or give the labor organization an opportunity to refer qualified applicants for employment (12).

Enforcement

The State agency administering the “Directory of New Hires” enforces the reporting requirements. Failure to file the report may result in a civil money penalty not to exceed \$25, or \$500 if the failure is the result of a conspiracy between the employer and the employee not to supply the required report or to supply a false or incomplete report.

Summary

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, commonly known as the Welfare Reform Act, has many provisions. One directly applies to agricultural employers. Starting in October 1, 1997, employers, including farm employers, have been required to report the name, address, and social security number of all employees hired, as well as the employer’s name, address, and Federal employer identification number (FEIN), to a designated State agency. Employers may be required to withhold money from a worker’s wages and forward a specified amount to the designated State agency.